#### **REMARKS**

Favorable reconsideration of this application in light of the following discussion is respectfully requested.

Claims 23-37 remain pending in the present application. Claims 23-27, 29-31 and 33-37 have been amended to address cosmetic matters of form, and to clarify the presented features. No new matter has been added.

By way of summary, the Official Action presents the following issues: Claims 23-35 stand rejected under 35 U.S.C. §112, second paragraph; and Claims 23-35 stand rejected under 35 U.S.C. §101; Claims 24, 29 and 35 are objected to as reciting informalities; Claims 23-26, 36 and 37 stand rejected under 35 U.S.C. §102 as being unpatentable over <u>Downs et al.</u> (U.S. Patent No. 6,226,618, hereinafter <u>Downs</u>); and Claims 27-35 stand rejected under 35 U.S.C. §103 as being unpatentable over <u>Downs</u> and <u>Davis et al.</u> (U.S. Patent No. 6,105,008, hereinafter <u>Davis</u>).

### REJECTIONS UNDER 35 U.S.C. §112, SECOND PARAGRAPH

The Official Action has rejected Claims 23-35 as outlined at pages 3-6 of the Official Action. Applicants respectfully traverse the rejection.

With respect to Claim 23, it appears as though the Office has not considered the means-plus-function features of Claim 23. Thus, the discussion of this claim at paragraph 12 of the Official Action is entirely misplaced. A means-plus-function claim feature, by its very definition, includes functionality. Likewise, a means-plus-function claim feature includes structure as disclosed in the specification. It is respectfully suggested that the Office review 35 U.S.C. §112, sixth paragraph to gain a better understanding of this claim format.

With respect to the antecedent basis issues, use of the term "communicatively" and "operably" although these terms are very well known in the art as previously pointed out,

common in many U.S. patents, in order to avoid further Office confusion on this issue, these terms have been replaced.

Accordingly, Applicants respectfully request that the rejection of Claims 23-35 under 35 U.S.C. §112, second paragraph, be withdrawn.

## REJECTIONS UNDER 35 U.S.C. §101

The Official Action has rejected Claims 23-35 under 35 U.S.C. §101 as allegedly being directed to non-statutory subject matter. Applicants respectfully traverse the rejection.

In re Bilski recently clarified the appropriate tests for identifying statutory subject matter. This test is loosely referred to as the "machine-or-transformation" test. Paragraph 23 of the Official Action, the Office bases the determination of non-statutory subject matter due to Claim 23 allegedly embracing two different statutory classes; this is clearly wrong. As pointed out above, Claim 23 is a device claim including means-plus-function features. Of course, a means-plus-function claim will include recited functionality. Not only is the recited functionality appropriate, but there is no other way to present a means-plus-function claim. Therefore, should this rejection be maintained in a subsequent action, it is respectfully requested that the Office explain how means-plus-function claims are no longer statutory.

Furthermore with regard to the alleged overlapping of two different statutory classes, Applicants remind the Office that MPEP 2173.01 (g) provides:

... a claimed invention may be a combination of devices that appear to be directed to a machine and one or more steps of the functions **performed by the machine**. Such instances of mixed attributes, although potentially confusing as to which category of patentable subject matter it belongs in, does not affect the analysis to be performed by the examiner. Note that an apparatus claim with process steps is not classified as a "hybrid" claim; **instead, it is simply an apparatus claim including functional limitations**. See, e.g., R.A.C.C. Indus. v. Stun-Tech, Inc., 178 F.3d 1309 (Fed. Cir. 1998) (unpublished). (emphasis added)

Clearly, in Claim 23, the language "a terminal" "processing server" as well as the means-plus-function elements which refer by definition to structure of the specification, are machines performing the recited functionality.

Accordingly, Applicants respectfully request that the rejection of Claims 23-35 under 35 U.S.C. §101 be withdrawn.

### **CLAIM OBJECTIONS**

The Official Action has objected to Claims 24, 29, and 35 under 37 C.F.R. §1.75 (c) as failing to limit the subject matter of this corresponding base claim. Applicants respectfully traverse the rejection.

With respect to Claim 24, once again, Applicants point out that base Claim 23 is a means-plus-function claim. Accordingly, Claim 24 provides a more narrow function than that recited in base Claim 23. As narrowing the function of the means-plus-function claim is entirely inappropriate, Claim 24 further limits Claim 23.

With respect to Claim 29, the language of this claim has been altered slightly however, this claim also clearly limits the functionality of the prepay card message; therefore this claim is entirely appropriate.

With respect to Claim 35, the language of this claim has been altered slightly and is appropriate as it further limits the base claim by reciting specific features of the file transfer.

Accordingly, Applicants respectfully request that the objection to Claims 24, 29 and 35 be withdrawn.

## REJECTIONS UNDER 35 U.S.C. §102

The Official Action has rejected Claims 23-26, 36 and 37 under 35 U.S.C. §102. The Official Action contends that <u>Downs</u> describes all of the Applicants claimed features.

Applicants respectfully traverse the rejection.

Applicants Claim 23 recites, *inter alia*, a payment system for controlling the continued use of a software program by a user, including:

a terminal configured to access software stored on a computer readable storage linked thereto, and including control means for analyzing conditions <u>based on previous use of the software for determining if a payment relating to the software is required for continued use, and configured to generate and transmit a first message, which is an offer message, containing at least an identity of the software owner, offer parameters and a digital signature of the software owner for at least part of the offer parameters;... (emphasis added)</u>

<u>Downs</u> describes an electronic content delivery system in which a digital content store provides an encrypted version of digital content to a user. The user may then obtain a key for decrypting the encrypted content. Once the payment for the key has been completed, a key is provided from the clearing house to the user.<sup>2</sup>

Applicants Claim 23 recites that a payment system is provided for controlling the **continued use** of a software program by a user. The terminal includes control means for analyzing conditions based on **previous use of the software** for **determining if the payment relating to the software is required for continued use**. Likewise, the terminal presents an offer message containing at least an identity of the software owner, offer parameters, and a digital signature of the software owner for at least part of the offer parameters.

As <u>Downs</u> merely describes a methodology by which content is exchanged, it does not describe a system for continued use of a software program in which the software generates an offer of continued utilization in exchange for payment.

<sup>2</sup> See Downs at Figure 9.

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<sup>&</sup>lt;sup>1</sup> As discussed above, although all of the Applicants claims are listed, only Claim 23 has been properly rejected.

Accordingly, Applicants respectfully request that the rejection of Claims 23, 26, 36 and 37 under 35 U.S.C. §102, be withdrawn.

## REJECTIONS UNDER 35 U.S.C. §103

The Official Action has rejected Claims 27-35 under 35 U.S.C. §103 as being unpatentable over <u>Downs</u> and <u>Davis</u>. The Office contends that the combination of these cited references provides features of the Applicants claims. Applicants respectfully traverse the rejection.

As noted above, <u>Downs</u> does not describe all of the features of the Applicants claims for which it has been asserted. Likewise, as <u>Davis</u> does not remedy any of the deficiencies discussed above, nor is it cited by the Office for providing any of these features, Applicants respectfully submit that a *prima facie* case of obviousness has not been presented.

Accordingly, Applicants respectfully request that the rejection of Claims 27-35 under 35 U.S.C. §103, be withdrawn.

# **CONCLUSION**

Applicants respectfully submit that the present application, including Claims 23-37, is in condition for allowance and such action is requested at an early date.

Respectfully submitted,

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